

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Framingham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 20, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.35% and a slight adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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**Framingham Retirement System
January 1, 2018 Actuarial Valuation**

Total cost increases 7.38% for one year then 5.5% per year until FY29 with a final amortization payment in FY30

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Change in Cost</u>
2019	5,170,007	300,000	10,900,406	16,370,413	125,487,289	
2020	5,402,657	300,000	11,875,892	17,578,549	123,009,019	7.38%
2021	5,645,777	300,000	12,599,593	18,545,370	119,301,411	5.50%
2022	5,899,837	300,000	13,365,528	19,565,365	114,544,402	5.50%
2023	6,165,329	300,000	14,176,131	20,641,460	108,615,521	5.50%
2024	6,442,769	300,000	15,033,971	21,776,740	101,380,685	5.50%
2025	6,732,694	300,000	15,941,767	22,974,461	92,693,197	5.50%
2026	7,035,665	300,000	16,902,392	24,238,057	82,392,660	5.50%
2027	7,352,270	300,000	17,918,880	25,571,150	70,303,803	5.50%
2028	7,683,122	300,000	18,994,441	26,977,563	56,235,215	5.50%
2029	8,028,863	300,000	20,132,466	28,461,329	39,977,971	5.50%
2030	8,390,161	300,000	21,304,150	29,994,311	21,304,150	5.39%
2031	8,767,719	300,000		9,067,719	0	-69.77%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$800,000

FY19 amount maintained at level of current funding schedule